



## **MEDIA RELEASE**

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### **Compromise delivers Milli Vanilli version of building and construction watchdog**

Proposed changes to Australia's building industry watchdog, tabled in Parliament today, will replace the existing industry watchdog with a Milli Vanilli version according to the Australian Mines and Metals Association (AMMA).

AMMA CEO Steve Knott said the recent public argy-bargy being played out between the Rudd Government and the union movement had cleverly diverted attention away from the fact that the effectiveness and powers of the current building watchdog are to be significantly watered down.

Reported proposals to wind back the accompanying Building code and guidelines will also undo years of hard work that has secured years of cultural and economic change in the sector.

"The Government's compromise deal with the union movement will reduce the penalties for unlawful activity in the construction sector, reduce the powers of the independent watchdog and tie the replacement body in a myriad of red tape and ineffective bureaucratic procedures, Mr Knott said.

"These reforms will weaken the capacity of the watchdog in the future to deal with unlawful behaviour by making the process overly bureaucratic which will in-turn lead to delays in investigations.

"This will lead to increased industrial disputation and job losses in an already weakened sector".

"The powers of a truly independent watchdog are being taken away and being replaced with the lip-sync version of an independent watchdog, he said."

Given global financial uncertainty has already seen a considerable downturn in business confidence and investment and now is not the time to be adding to that uncertainty by watering down the powers of a body that has significantly reduced strikes within the construction sector.

Mr Knott said the proposed laws were a compromise designed to placate militant unions.

Attempting to placate the unions by introducing a mechanism to switch off the independent watchdogs coercive powers for peaceful parts of the industry simply adds to business uncertainty.

There is uncertainty about just what constitutes a peaceful part of the industry and how exactly this will be defined in the future. The Prime Minister himself last week recognised that real problems of intimidation and unlawfulness were still occurring in the construction industry, particularly in WA and VIC.

“It makes no sense at all to water down the powers of the construction watchdog at the same time as we see both the Federal Government as well as successive State Governments commit themselves to large infrastructure building programs in order to both build the nation for the future and weather the global financial storm.

ENDS

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**Note:** *Attached to this release is a table providing more detail on how the proposed legislation will significantly water down the effectiveness of the existing building regulator.*

Existing Laws	Milli Vanilli Version
<p><b>Building Guidelines</b> The implementation guidelines are an important part of the regulatory framework that compels compliance with IR laws on the basis that non-compliance will exclude the employer from tendering for government work. They have also achieved immense cultural change over the past five years.</p> <p>The guidelines represent desirable behaviour in the industry, encouraging industrial harmony and effecting cultural change in the industry.</p>	<p><b>Reported watering down of Building Guidelines</b> A move to a self-regulatory model of compliance will weaken the regulatory framework and will encourage accession to union demands in the interest of timely completion of projects at the risk of compliance with IR laws.</p> <p>If the guidelines are watered down by removing prohibitions on flying union flags, supplying employee names to unions and use of unregistered side deals, for example, this will undermine cultural change and promote disharmony in the industry.</p>
<p><b>Coercive Powers</b> Coercive powers enable the Building Commissioner to efficiently and effectively compel persons to attend interview in order to obtain pertinent information crucial to uncovering unlawful and inappropriate conduct and overcoming the culture of silence that has pervaded the industry. In many cases, these laws provide protection for people who are able to rely on the powers as a reason for providing information.</p>	<p><b>Weakening of investigation process</b> New procedural steps required to be taken before exercising the power will result in delay and less utilisation, which will weaken investigations and fail to address the culture of silence.</p>
<p><b>Independence</b> The Building Commissioner is independent, instilling confidence in stakeholders that unlawful conduct will be addressed promptly and seriously.</p>	<p><b>No longer Independent</b> Reducing complete independence and creating a semi-autonomous regulator answerable to an Advisory Board and the Minister creates potential for matters to be 'hijacked' by members of the Board as a means of pursuing their own agendas.</p>
<p><b>Penalties</b> Significant penalties apply to building industry participants that have engaged in unlawful conduct, reflecting the considerable financial consequences of unlawful behaviour on multi-million or billion dollar projects.</p>	<p><b>Reduction in Penalties</b> The penalties applying to unlawful conduct will be reduced despite clear evidence that lawlessness in the industry continues, maintaining its characterisation as being unique to other industries. Reduced penalties will fail to deter unlawful behaviour and encourage unions to use employees as 'human shields'.</p>